

# **EXHIBIT 5**



U.S. DEPARTMENT OF STATE

Conduct Business

Blue Lantern Checks

Directorate of Defense Trade Controls

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# Blue Lantern Checks

## Blue Lantern Checks

### What is “Blue Lantern”

Blue Lanterns are Congressionally mandated checks done before, or after, a license is issued or shipment made involving high-risk exports in order to:

- Verify bona fides of foreign consignees and end-users
- Confirm the receipt, disposition, and/or end-use of exported articles
- Confirm compliance with authorization requirements/provisos

### Key Details

- Post-shipment checks account for around 45% of Blue Lanterns; pre-license checks account for the other 55%.
- Blue Lanterns are not law enforcement investigations, however, the results may be considered during the licensing process.
- Performed worldwide by designated U.S. embassy personnel (Foreign Service officers) in cooperation with host governments and in coordination with DDTC.
- Occur in 80-100 countries annually.

### What Happens During a Blue Lantern Check?

- Prior to a visit, DDTC/embassy personnel will conduct an open source review, including press releases, public business documents, etc.
- Embassy personnel will consult with host government officials and law enforcement agencies, if appropriate.

Generally, a site visit will occur. This may include:

- Direct written or telephonic contact by embassy personnel
- Interviews with key personnel
- Verification of described uses/storage conditions

### Outcomes

- If favorable, recommend issuance of relevant export authorization(s).
- If unfavorable, recommend export authorization requests involving the entity be returned without action (RWA), denied, or revoked. Where appropriate, refer to the Office of Defense Trade Controls Compliance for possible civil action and/or law enforcement for possible criminal action.

Provide Feedback

Contact DDTC	Commercial Affiliations	Privacy Notice	Copyright Information
State.gov	PM Bureau	State Department Daily Press Briefing	Other State Department News



# **Blue Lantern End-Use Monitoring Program**

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# What is Blue Lantern?



Pre-license, post-license, and post-shipment inquiries or checks to:

- verify *bona fides* of foreign consignees and end-users
- confirm receipt and disposition of exported articles
- confirm end-use and compliance with requirements/provisos

- *Required by U.S. law*
- *Over 14,400 checks since 1990*
- *Conducted in 80-100 countries each year*





# What Happens During a Blue Lantern Check?



- Open source research
  - e.g. Internet, public business listings and databases, etc.
- Consult host government officials and law enforcement agencies, if appropriate
  - Verify order/delivery
  - Verify *bona fides*, request any derogatory info
  - Verify licenses/authorizations, import/export certificates
- Request site visit
- Interview foreign consignee or end-user
  - In-person
  - Telephone or e-mail contact

*Blue Lantern checks are conducted by Foreign Service Officers.  
Not a law enforcement investigation.*



# End-Use Monitoring Basics



- Verifies end-users, consignees, and end-uses of U.S. exports of defense articles, technology, and services
  - Pre-license and post-shipment checks (~55% / ~45%)
- Performed worldwide by U.S. embassy personnel in cooperation with host governments since 1990
  - 80-100 countries each year
- Required by U.S. law
- U.S. and foreign industry aware of program



# Follow-on Actions



- If favorable, recommend issuance of license; record results for future reference.
- If unfavorable, recommend application be either returned without action (RWA), denied, or revoked; if appropriate, add entities to Watch List, refer to Compliance Office and/or law enforcement for possible civil and/or criminal action.
- Contact the U.S. seller for information on status of license. (End-use check is only one component of interagency review process.)





# Response Timelines



## Global Guidelines

Pre-license checks within **30 days\***

Post-shipment checks within **45 days\***

**\*starting with transmission of front-channel cable**

*Tardy response delays final action on license request and may adversely affect future licensing.*